

Senate Joint Resolution No. 30

RESOLUTION CHAPTER 99

Senate Joint Resolution No. 30—Relative to deferred compensation plans.

[Filed with Secretary of State August 20, 2010.]

LEGISLATIVE COUNSEL'S DIGEST

SJR 30, Kehoe. Deferred compensation plans.

This measure would urge the Congress of the United States and the President to amend the United States Internal Revenue Code to allow all eligible government employees participating in a 457(b) deferred compensation plan the option to treat their elective deferrals as designated Roth contributions. The measure would also urge the Congress of the United States and the President to create parity among all workers by presenting 457(b) plan participants with savings choices similar to those given to participants planning for retirement under the Economic Growth and Tax Reconciliation Act of 2001 and the federal government's Thrift Savings Plan.

WHEREAS, On June 7, 2001, the Economic Growth and Tax Reconciliation Act of 2001 was signed into law by President George W. Bush, granting section 401(k) retirement plan participants the option to treat elective deferrals as designated Roth contributions; and

WHEREAS, On June 22, 2009, the Federal Retirement Reform Act of 2009 was signed into law by President Barack Obama, granting participants in the federal government's Thrift Savings Plan the option to treat elective deferrals as designated Roth contributions; and

WHEREAS, There is presently no option for 457(b) plan participants to treat elective deferrals as designated Roth contributions; and

WHEREAS, Under a designated Roth contribution, an employee participating in a 457(b) plan would have the option to make his or her deferred contribution payments on an after-tax basis in exchange for a tax-free distribution made to him or her upon retirement; and

WHEREAS, Allowing state and local government employees currently participating in a 457(b) deferred compensation plan the option to treat elective deferrals as designated Roth contributions would provide an immediate and ongoing income benefit for both the State of California and the Treasury of the United States. Providing employees participating in a 457(b) plan the option to treat their contributions as designated Roth contributions could raise an estimated one billion dollars (\$1,000,000,000) in taxes nationwide over a 10-year period; and

WHEREAS, There are more than 269,000 state employees who are eligible to enroll in a 457(b) plan; and

WHEREAS, There are more than 1.08 million local government employees who are eligible to enroll in a 457(b) plan; now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the California State Legislature urges the Congress of the United States and the President to amend the United States Internal Revenue Code to allow all eligible government employees participating in a 457(b) deferred compensation plan the option to treat their elective deferrals as designated Roth contributions; and be it further

Resolved, That the California State Legislature urges the Congress of the United States and the President to create parity among all workers by presenting 457(b) plan participants with savings choices similar to those given to participants planning for retirement under the Economic Growth and Tax Reconciliation Act of 2001 and the federal government's Thrift Savings Plan; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and the Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the United States Senate, to each Senator and Representative from California in the Congress of the United States, to the Commissioner of the Internal Revenue Service, to the Secretary of the Department of Labor, and to the author for other appropriate distributions.